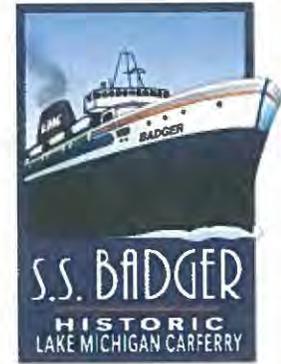


December 19, 2014



VIA FIRST CLASS U.S. MAIL

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611, Ben Franklin Station
Washington, DC 20044-7611

Director, Water Enforcement Division
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Mail Code 2243A
1200 Pennsylvania Ave., NW
Washington, DC 20460

Director, Water Division
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Blvd. (W-15J)
Chicago, IL 60604

Re: *United States v. Lake Michigan Trans-Lake Shortcut, Inc., d/b/a Lake Michigan Carferry Service and S.S. Badger*, No. 1:13-cv-317, DOJ Case No. 90-5-1-1-10771 (W.D. Mich.)

Dear Sir or Madam:

This letter is being sent pursuant to the reporting requirement in Paragraph 43 of the Consent Decree in *United States v. Lake Michigan Trans-Lake Shortcut, Inc., d/b/a Lake Michigan Carferry Service and S.S. Badger*, Civil Action No. 13-00317 (W.D. Mich. entered into Oct. 10, 2013). Paragraph 43 of the Consent Decree requires Lake Michigan Carferry ("LMC") to submit a written progress report on or before December 31, 2014 the status up until October 31 of the calendar year of: 1) LMC's progress toward implementing Section IV (Permanent Cessation of Coal Ash and Coal Ash Slurry Discharge); 2) any Section IV requirements completed; 3) any problems encountered or anticipated in implementing any Section IV requirements; 4) a summary of all permitting, certification, and approval activity pertaining to compliance with the Consent Decree and the status of any necessary permit, certification and approval applications; and 5) the amount of coal ash and coal ash slurry discharged during the Operating Season.

This letter and its attachment report on the status of LMC's progress from January 1, 2014 to date. During this time, LMC has completed the following items in the interest of implementing Section IV of the Consent Decree:

- Removed the existing ash discharge system from the vessel.
- Submitted a purchase order for the new ash collection and conveyance systems on September 26, 2014.
- The new ash collection and conveyance system components are scheduled to begin arriving at the end of December 2014 or the beginning of January 2015.
- The materials to build the ash transfer bins have been ordered and a significant percentage of those materials have been received.

LMC has not encountered problems thus far in implementing Section IV requirements. LMC will continue to provide copies of all necessary permits, certifications, or approvals that are submitted for the new ash collection and conveyance system.

The attached spreadsheet details the amount of coal ash and coal ash slurry discharged during the 2014 Operating Season pursuant to paragraph 43(5) of the Consent Decree. As you know, Paragraph 33 of the Consent Decree requires a fifteen percent (15%) reduction in coal ash discharge per Operating Day during the 2014 Operating Season. LMC in fact achieved that. The attached data shows that the Badger achieved a daily average reduction in coal ash discharged as compared to the 2013 Operating Season – over 18%. As compared to the 2012 Operating Season, daily average coal ash discharges have been reduced by 41.4%. Coal consumption (fuel) per Operating Day was also down approximately 15.286% in 2014 as compared to the 2013 Operating Season.

Certification

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on any personal knowledge I may have and my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Please do not hesitate to contact me if you have questions or require additional information.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Charles R. Leonard". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Charles R. Leonard
Vice-President, Navigation
Lake Michigan Carferry Service

Attachment

2014 Coal/Ash Breakdown

Tons (N/T) Coal Used	Ash Content	Ash Produced
300 N/T (2013-end inventory)	5.95%	17.85 N/T
7186.22 N/T	5.71%	410.33 N/T
<u>1215.87 N/T</u>	5.98%	<u>72.71 N/T</u>
8702.09 N/T		500.89 N/T

8702.09 N/T / 500.89 N/T = 5.76% Weighted Avg. Coal Ash Content for 2014

8702.09 N/T Coal / 171 days of steam = 50.89 average tons of coal burned a day.

Year	(% Coal Ash Content)	N/T Ash Per Day
2014	5.76% x 50.89 (N/T coal) =	2.931 N/T
2013	5.95% x 60.1 (N/T coal) =	3.576 N/T
2012	8.69% x 57.52 (N/T coal) =	4.998 N/T

The average ash discharge reduction per day from 2013 to 2014 is 18%.

The average ash discharge reduction per day from 2012 to 2014 is 41.4%.

Vessel coal inventories estimated.

Coal Usage Comparison
2013 - 2014

Basic Assumptions:			
1. Coal inventory aboard the Badger averages 230 tons over the year			
2. Coal inventories are estimated.			
Year 2013		Year 2014	
	Tons		Tons
Beginning Badger Inventory *	250	Beginning Badger Inventory	300
(Based on Chuck L.)			
Beginning Dock Inventory **	53	Beginning Dock Inventory	
(City of Manitowoc)		(City of Manitowoc)	
Purchases	9849	Purchases	8782.09
(From invoices)		(Invoices to date)	
(Ending Badger Inventory)	-300	(Ending Badger Inventory)	-380
(Based on Chuck Cart)		(Based on Chuck Cart	
(Ending Dock Inventory)		and Charles Leonard)	
(City of Manitowoc)			
Total Coal Consumed	9852	Total Coal Consumed	8702.09
Number of Days with Steam	164	Number of Days with Steam	171
(Through 10-13)		(Through 10/26)	
Average Daily Consumption	60.073	Average Daily Consumption	50.89
		*Coal bunkers are	
		estimated at 380 to 400 tons	
		as per Charles Leonard	

Coal Purchases for 2014

Delivered to Ludington, MI May 2014: 41.84 N/T of coal with 5.71% ash content.
Delivered to Manitowoc, WI May through Sept. 20th: 7,144.38 N/T of coal with 5.71% ash content .
7,186.22 N/T of coal with 5.71% ash content.

Delivered to Manitowoc, WI Sept. 19th through the Balance of Season: 1,595.87 N/T of coal with 5.98% ash content.

7,186.22 N/T of coal.
1,595.87 N/T of coal.
Total 8,782.09 N/T of coal.